Basile Dubois

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PhD Candidate

Toulouse School of Economics **2019 - 2025**
PhD in Economics - *One year of doctoral coursework* *Toulouse, France*

Columbia Business School **Fall 2022**
Staff Officer of Research - Visiting position - *Sponsor: Olivier Darmouni* *New York, USA*

Fields of Interest

- **Primary**: Corporate Finance, Corporate Governance, Banking
- **Secondary**: Empirical IO, Applied IO

PhD Coursework

- Corporate Finance
- Asset Pricing
- Empirical IO
- Theoretical IO
- Empirical Asset Pricing
- Empirical Macro-Finance
- Alfred Galichon's 'math+econ+code' masterclass on equilibrium transport and matching models in economics

Job Market Information

References

Alexander Guembel
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Patrick Coen
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Olivier Darmouni
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Academic placement officers

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Education

MRes in Economics **2018 - 2019**
Toulouse School of Economics - *Honours* *Toulouse, France*

MSc in Applied Mathematics **2016 - 2018**
Université Paris 1 Panthéon Sorbonne - *First class honours* *Paris, France*

MRes in Economics **2016 - 2018**
Sciences Po *Paris, France*

Bachelor in Mathematics **2013 - 2016**
Université Paris 6 UPMC - *Honours* *Paris, France*

Bachelor in economics **2013 - 2016**
Université Paris 2 Panthéon Assas - *First class honours* *Paris, France*

Working Papers

Banking under Large excess reserves **With Paul Rintamaki, Aalto University**

This paper builds a structural model that investigates how the expansion of central bank reserves, induced by quantitative easing (QE), impacts bank lending and deposit-taking activities under the Basel III regulatory framework. We combine detailed French credit registry data and Eurozone-level bank balance sheet data to analyze the interaction of regulatory constraints with QE. Our model allows for the structural estimation of regulatory costs, which serve as the building blocks of our cost function. The initial results indicate that the injection of excess reserves resulting from QE is especially costly for banks under negative interest rates and facing leverage constraints. Our structural estimates indicate that while expansionary at first, central bank reserves start to crowd-out credit after a threshold. At the peak of Covid QE, central bank reserves accounted for more than 20% of the cost of providing long-term credit.

Quantitative Easing, Inelastic Markets and the Transmission of Asset Purchases.

I study the impact of asset purchases on the composition of institutional bondholders' portfolios, and how this acts as a transmission mechanism for quantitative easing: As the price of assets targeted by the purchases rises, investors search for yield and will purchase untargeted assets, in turn pushing up their price. I propose a mechanism where institutional bond- holders take advantage of financial frictions before this transmission of policy takes place. When asset purchases increase, institutional bondholders will first build up an inven- tory of specific bonds targeted by the purchases, diminishing the bonds' available free float to squeeze out a profit from the Central Banks buying up the bonds. In a second phase, as prices for targeted assets stabilize, institutional bondholders will rebalance their portfolio towards bonds untargeted by the purchases as they search for yield, thereby transmitting quantitative easing to untargeted markets.

The determinants of director selection: Relationships in the director market

When landing a board of directors job, a significant portion of external candidates enjoys preexisting relationships with members of the board. These relationships may be entirely fortuitous, could reflect self-serving behavior on behalf of board members, or simply be used as a screening device to recruit individuals in extremely competitive positions. This paper uses a consideration sets framework to disentangle these explanations. I argue that estimates of the impact of pre-existing relationships on a director's probability of appointment are biased upwards in the literature. I make additional observations of the impact of a director's personal network on her likelihood of appointment.

What you see is what you get paid: Transparency and CEO pay

This paper presents a simple model of CEO compensation where salary is dependent on the internal characteristics of the firm and where the salary of one CEO exerts a positive externality on the salary of others. CEOs are considered interchangeable but costly to recruit outside the market, and are randomly matched with firms until they accept the firm's offer. Different firms having different levels of monitoring, prestige and being part of different industries, CEOs enjoy different levels of private benefit when shirking in different firms. Using this model, we can shed light on how the degree of transparency affects CEO compensation. In equilibrium, some of the CEOs have their participation constraint binding while the others have a binding incentive compatibility constraint. A change in the degree of transparency moves the participation constraint, inducing a change in wage for some CEOs. We find that the wage is more likely to increase than it is to decrease.

Heterogenous Lenders and Repo Market Pricing **With Filip Mrowiec, Cornerstone Research**

Security dealers finance their inventories through repurchase agreements, using inventory securities as collateral. They face a variety of counterparties of varying degrees of sophistication regarding their ability to value the securities. Theoretically, less sophisticated counterparties should fear the winner's curse of receiving worse collateral. In our model, a dealer seeks a more sophisticated lender because the sophisticated lender cherry-picks

collateral and finances at lower rates. The less sophisticated lender cannot observe the dealer's behaviour and charges higher interest rates to compensate. We provide empirical evidence in support of my theory, showing that the compensation increases in the number of contacts that dealers have with sophisticated lenders. The increase in uncertainty during the Covid-19 pandemic serves as an exogenous variation in the informational advantage of more sophisticated lenders. Our work suggests that opacity exacerbates fragility for well-connected borrowers, as less sophisticated lenders charge higher rates to compensate for the possibility of hidden cherry-picking.

The effect of Asset Purchases on the Liquidity of the Bond Market

I develop a theoretical model to analyze the impact of central bank intervention on the long run price of a bond. Bonds are defined as tradable debt assets that are set to be repaid after n periods and incur a default risk. Bondholders on the market incur a liquidity risk and might need to liquidate their assets, which can lead to market breakdown during a liquidity crisis. Central Bank intervention through asset purchases (QE) leads to price stabilization during QE, but at the cost of a long-run shift in prices and over-payment by the Central Bank. This leads to overborrowing in equilibrium after intervention. Reversing asset purchases through quantitative tightening will lead to a market crash as overborrowing firms become insolvent due to the shift of bond prices back to their steady state.

Academic Exchanges, Fellowships and Awards

Utrecht University **2015 – 2016**
Scholarship: ***IDEX excellency grant*** *Utrecht, Netherlands*

Universitat Autonòma de Barcelona **2016 – 2016**
Scholarship: ***Erasmus grant*** *Barcelona, Spain*

Columbia University **2022 – 2022**
Scholarship: ***Toulouse School of Economics Mobility Grant*** *New York, USA*

Banque De France/CASD **2023**
Awarded access to confidential banking data *Paris, France*

Banque De France/TSE **2024**
8-month Banque de France research scholarship *Toulouse, France*

TECHNICAL SKILLS

Languages: French (native), English (Fluent), Spanish (A1), German (A1)
Programming: R(***), Python(***), Julia(**), Stata(*)

Work Experience

OECD Consultancy **March 2024-September 2024**

Project : Assessing effects of climate policies on capital allocation across financing channels.

Teaching

Corporate Finance M1 **Fall 2020**
Course coordinator, lecturer, TA teacher

Corporate Finance L3 **Spring 2022-Spring 2023**
TA teacher

Microeconomics L1 **Spring 2022-Spring 2023**
TA teacher